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SALES & MARKETING INSIGHTS

ZS Interview: Clinical Commissioning Groups and the NHS—Pharma’s New Sales Partners in the UK

Participant: [Chris Morgan](#)

The UK health-care system is undergoing yet another major change—which will, in turn, have major effects on pharmaceutical sales forces.

For the past decade, the more than 150 primary care trusts (PCTs) have made local health-care commissioning decisions and accounted for more than 80% of the National Health Service’s (NHS) spending decisions. Now, PCTs are being phased out in favour of clinical commissioning groups (CCGs)—NHS-supervised groups of general practitioners, managers and local experts—in a move designed to shift policy making closer to the patient.

The details of the reforms are still unsettled, and it is not clear where the real power will reside in the system. But it seems likely that commissioning decisions will continue toward increased localisation and will be made on the basis of balancing patient outcomes with increasingly limited resources.

Pharmaceutical companies have an opportunity to forge partnerships with the NHS to help achieve these outcomes, according to [Chris Morgan](#), a ZS Associates Principal based in London. In an interview, Chris discusses the reforms, their likely effects on pharmaceutical sales structures and teams, and how key account management (KAM) can help maximise partnership opportunities with the NHS.

About the Expert

Chris Morgan,
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Chris has worked on a wide range of sales and marketing strategy issues, including go-to-market strategy, sales force effectiveness, sales organization design, portfolio strategy, opportunity assessment and targeting. In addition, he has worked on numerous global and regional initiatives with pharmaceutical companies to achieve results through account management.



How will the reforms affect pharmaceutical companies?

CHRIS MORGAN: The process of reform is temporarily making things more difficult for pharmaceutical companies, but as the practical details of the changes become clear, it will reopen the possibility of collaboration with the NHS. Even during the change, some opportunities exist.

For now, it's not clear exactly who will have what decision-making powers in these new groups or even who still has a job. At the same time, the NHS is deploying a quality, innovation, productivity and prevention programme, which is intended to reduce NHS spending £20 billion. NHS staff are understandably worried and cautious through these changes.

On the surface, there is less immediate change for pharmaceutical companies than there is for their customers. But these very changes make it both inevitable and desirable that pharma seeks a different type of engagement. When customers are under pressure, they have less time to waste on low-value interactions, but they are proportionally more interested in collaborations that can help them achieve their objectives.

How will the commissioner-provider model work?

CHRIS: It seems that commissioners are likely to get more engaged in the details of specialist and secondary care than in the past. For example, PCTs used to simply allocate a block commissioning budget for mental-health care. Now we are seeing commissioners take a close look at how mental-health care is being managed—the design of the patient pathway and which drugs are prescribed, for instance. It seems to be evolving into a much more active dialogue between commissioners and providers than in the past. A pharma company that can help customers work with this interface will be in a good position to add value.

Will this make life harder for pharmaceutical companies?

CHRIS: This is actually good news for pharmaceutical firms, because the reforms give them an opportunity to get involved in the dialogue. The more holistically customers are thinking about health-care delivery, the more opportunity there is to generate and communicate value.

The Association of the British Pharmaceutical Industry (ABPI) has created a framework for collaboration between pharma companies and the NHS, and these initiatives are closely aligned with the principles of clinical commissioning. They focus on small-scale projects addressing local health needs, with the potential to be repeated elsewhere.

Achieving this kind of partnership isn't easy, because within NHS there is still considerable mistrust of pharmaceutical companies—health-care providers still see them as pushing products without regard to local objectives, and this is the prejudice that pharma companies must overcome.

Can you give an example of a partnership?

CHRIS: One of the most fertile areas for these projects is in the treatment of diabetes, which has a complicated treatment pathway, is treated with a plethora of drugs, requires close working between general practitioners and specialists, which are often hospitals, and has a wide range of comorbidities and complications. In one region, seven different pharma companies worked with the PCT to help create a more integrated patient pathway, so patients spent as little time in the hospital as possible. The NHS improves outcomes while lowering the cost of care, and the increased usage of antidiabetic medication—in the right patients at the right time—is partially responsible for the result.

Can successful regional projects be expanded nationwide?

CHRIS: It is difficult to expand projects to other parts of the country, because the projects depend heavily on trust.

As an example, one company had been successful with a complete patient-management solution provided to a PCT on a capitated basis. It was very elegant, very effective, and it had been developed working in partnership with a PCT over six months. So the company packaged this solution, gave it to their other salespeople and told them to take it to other accounts. A year later, they had found precisely zero customers willing to partner with them.

The company's people thought they'd spent six months developing an offering, but they'd actually spent six months building a customer relationship. Before a customer will hand over their patients to you, they have to trust you. I think that's the critical thing in developing collaborative projects.

So what are the barriers to building trust with customers?

CHRIS: One challenge is that the idea of collaboration is very different from the mind-set that pervaded the pharma industry. A true appreciation of the value of partnership is still fairly rare, both within pharma and the NHS.

At a recent meeting of the ABPI that focused on joint working, a senior NHS leader told everyone, "We may all understand the value of working together, but until the people two or three levels below us get this, then we will never be able to make it matter."

So far, many of these partnership projects have succeeded by playing the “seniority card.” A commitment to partnership is demonstrated by sending the most senior country leadership into meetings, and this helps to establish trust. But there are more than 200 local commissioning organisations across the UK that a pharmaceutical company might want to address. There is no way that the director-level team has the time to visit all of these.

Is this where key account management (KAM) can be effective?

CHRIS: Yes, exactly. The local-level relationship between pharma and the NHS cannot remain a transactional process of detailing products in a hope of influencing individual patient decisions. Key account teams have to work as local partners, showing they can share the objectives and needs of NHS officials, and can support them with technical and management skills. In that way, the KAM teams build relationships and trust. This will enable the teams to establish joint working projects. The same capabilities will help to spread those projects on a nationwide scale.

It’s important to remember that a key account management team has to be a collaboration; it’s not just naming a key account manager. The team needs to offer the full range of capabilities and value that the firm has to offer. It has to be a team effort, a group dynamic.

Ultimately, the goal should be making customers part of the team. That’s what key account management is all about.

About ZS Associates

ZS Associates is a global consulting, outsourcing, technology and software solutions firm focused on commercial strategy and implementation. For almost 30 years, ZS has helped businesses across a range of industries address market challenges and optimize performance. From 20 offices around the world, ZS experts use analytics and deep expertise to help companies make smart decisions quickly and cost-effectively. ZS comprises multiple affiliated legal entities. Learn more at www.zsassociates.com.



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